

SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING

PART 1034—MAJOR SYSTEM ACQUISITION

Subpart 34.0—General

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AUTHORITY: 41 U.S.C. 418b.

Subpart 34.0—General

1034.001 Definitions.

Core Earned Value Management is a process for ensuring that the contractor's self validated earned value management system is capable of producing earned value management data and meets, at a minimum, the following core ANSI/EIA Standard-748 criteria:

(1) (ANSI #1) Define the authorized work elements for the program. A work breakdown structure (WBS), tailored for effective internal management control, is commonly used in this process.

(2) (ANSI #2) Identify the program organizational structure including the major subcontractors responsible for accomplishing the authorized work, and define the organizational elements in which work will be planned and controlled.

(3) (ANSI #3) Provide for the integration of the company's planning, scheduling, budgeting, work authorization, and cost accumulation processes with each other, and as appropriate, the program WBS and the program organizational structure.

(4) (ANSI #6) Schedule the authorized work in a manner that describes the sequence of work and identifies significant task interdependencies required to meet the needs of the program.

(5) (ANSI #7) Identify physical products, milestones, technical performance goals, or other indicators that will be used to measure progress.

(6) (ANSI #8) Establish and maintain a time-phased budget baseline, at the control account level, against which program performance can be measured. Initial budgets established for performance measurement will be based on either internal management goals or the external customer negotiated target cost including estimates for authorized but vaguely defined work. Budget for far-term efforts may be held in higher-level accounts until an appropriate time for allocation at the control account level. On government contracts, if an over-target baseline is used for performance measurement reporting purposes, prior notification must be provided to the customer.

(7) (ANSI #16) Record direct costs in a manner consistent with the budgets in a formal system controlled by the general books of account.

(8) (ANSI #22) At least on a monthly basis, generate the following information at the control account and other levels as necessary for management control using actual cost data from, or reconcilable with, the accounting system:

(i) Comparison of the amount of planned budget and the amount of budget earned for work accomplished. This comparison provides the schedule variance.

(ii) Comparison of the amount of the budget earned and the actual (applied where appropriate) direct costs for the same work. This comparison provides the cost variance.

(9) (ANSI #27) Develop revised estimates of cost at completion based on performance to date, commitment values for material, and estimates of future conditions. Compare this information with the performance measurement baseline to identify variances at completion important to management and any applicable customer reporting requirements, including statements of funding requirements.

(10) (ANSI #28) Incorporate authorized changes in a timely manner, recording the effects of such changes in budgets and schedules. In the directed effort prior to negotiation of a change,

base such revisions on the amount estimated and budgeted to the program organizations.

Development, Modernization, Enhancement (DME) is the portion of an IT investment/project which deals with developing and implementing new or enhanced technology in support of an agency's mission.

Major acquisitions for development are defined as contracts, awarded in support of one or more Major IT investments with DME activities, which meet the contract threshold for fully applying FAR 34.2 procedures.

Performance-based acquisition management means a documented, systematic process for program management, which includes integration of program scope, schedule and cost objectives, establishment of a baseline plan for accomplishment of program objectives, and use of earned value techniques for performance measurement during execution of the program. A performance-based acquisition (as defined in FAR 37.101) or an acquisition with a defined quality assurance plan that includes performance standards/measures should be the basis for monitoring the contractor.

1034.004 Acquisition strategy.

(a) A program manager's acquisition strategy written at the system or investment level in accordance with FAR 7.103(e) shall include at a minimum:

- (1) The relationship of each individual acquisition (Contract, Delivery Order, Task Order, or Interagency Agreement) to the overall investment requirements and management structure;
- (2) What work is being performed in-house (by government personnel) versus contracted out for the investment;
- (3) A description of the effort, by acquisition, and the plans to include required clauses in the acquisitions;
- (4) A timetable of major acquisition award and administration activities, including plans for contract transitions;
- (5) An investment/system surveillance plan;
- (6) Financial and human resource requirements to manage the acquisition

processes through the investment lifecycle;

(7) Consideration of optimal contract types, including considerations of performance based approaches, small business utilization, Section 508, etc.; and

(8) Assurances that the acquisition strategy section and supporting acquisition plans will maximize competition, including enabling downstream competition through avoidance of vendor "lock in".

(b) The acquisition strategy shall be approved by a chartered interdisciplinary acquisition team that includes a representative of the procurement organization designated in accordance with bureau procedures.

Subpart 34.2—Earned Value Management System

1034.201 Policy.

(a) (1) An Earned Value Management System (EVMS) is required for major acquisitions for development/modernization/enhancement (DME) in accordance with OMB Circular A-11. This includes prototypes and tests to select the most cost effective alternative during the Planning Phase, the work during the Acquisition Phase, and any developmental, modification or upgrade work done during the Operational/Steady State Phase. EVMS is to be applied to contractor efforts regardless of contract type. The Contracting Officer shall procure the Contractor-developed component(s) of major project(s) that have been vetted through the Treasury governance process and the acquisition has been identified by the program manager as requiring the Contractor's use of an EVMS. In addition to major acquisitions for development, the Department of the Treasury may also require the Contractor's use of an EVMS for other acquisitions. The following thresholds apply to DME costs at the Contract Line Item Number (CLIN) level for performance-based acquisitions and to DME costs at the acquisition level (Contract, Task Order, or IAG) for non-performance-based contracts:

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Contract, task order, IAG, or CLIN value	Reporting requirements for IT investments	Applicable ANSI/EIA criteria	Level of EVMS validation/ acceptance	IBR required	Level of EVMS surveillance (contractor)
>\$50 M	Full	32	CFA ¹ Acceptance ..	Yes	CFA Surveillance unless another interested party alternative is requested by the Bureau and approved by the Treasury CIO.
Between \$20M and \$50M.	Full	32	Contractor Self-Validation.	Yes.	
<\$20M	Core	10	Contractor Self-Validation.	Independent Baseline Validation IBR (Core).	Treasury/Bureau Surveillance.*

* In accordance with Bureau Annual Surveillance Strategy.
¹ CFA—Cognizant Federal Agency (See FAR 42.003).

(2) For the purpose of this subpart, CLIN may be interpreted as a single Contract Line Item Number, Contract Line Item Number with Sub-CLINs, or Multiple Contract Line Item Numbers included in a single DME effort. Do not break down any DME effort below the aggregation of the requirement to avoid use of the actual threshold prescriptions.

(b) *Acquisition Planning.* All written acquisition plans shall include the following:

(1) A determination from the requirements official as to whether the program is a major acquisition as defined under OMB Circular A-11 and FAR Part 34;

(2) If so, whether the program is required to include EVM and if the Contractor is required to use an EVMS;

(3) If so, whether the program official is EVM trained and qualified or has support from someone who is EVM trained and certified; and

(4) Whether a Full Integrated Baseline Review (IBR) will be completed within 90 days when the acquisition DME value is \$20 Million or more, or a Core Integrated Baseline Review when the acquisition DME value is less than \$20 Million).

(c) *Solicitations and Awards.* Unless a waiver has been granted (See paragraph (e) of this section), all solicitations and awards for major investments with DME valued at \$20 Million or more require EVMS from the Contractor and its Subcontractor as follows:

(1) FAR Clause 52.234-4, Earned Value Management System; and, as appropriate,

1052.234-4, Earned Value Management System Alternate I) (See 1034.203 below), must contain a requirement that the Contractor and its subcontractors have:

(i) AN EVMS that has been determined as meeting the Full criteria of ANSI/EIA Standard-748 compliance (valued at \$20 Million or more);

(ii) An EVMS that has been determined as meeting the Core criteria of ANSI/EIA Standard-748 compliance (valued at below \$20 Million, See 5. DTAR Special Solicitation Provisions and Contract Clauses, 1052.234-2 and 1052.234-3); or

(iii) That the Contractor deliver a plan to provide EVM data that meets the standard.

(2) Provide for the completion of an IBR, or, as appropriate, for subcontracts with DME less than \$20 million, an IBR (Core) that meets the Government standard, and provide periodic reporting of the EVM data.

(3) All EVM determinations as set forth in paragraphs 3(c)(i)(A) and (B) of this section, shall be documented in the pre-award and contract files, as appropriate.

(d) *Program Management.* For those acquisitions to which EVM applies, the program manager (PM)/(COTR) shall:

(1) Ensure that EVM requirements are included in the acquisition Statement of Objectives (SOO), Performance Work Statement (PWS), or Statement of Work (SOW);

(2) Determine whether the Contractor's EVMS (and that of its subcontractors) is ANSI/EIA Standard 748 compliant, or determine whether the Contractor's plan to provide EVM data meets the required standard; and

(3) Validate and approve the IBR/IBR (Core) and the subsequently issued EVM reports. These program management requirements shall be included in the Contracting Officer's written appointment letter to the COTR.

(e) *Waivers.* In accordance with Bureau policy, a waiver(s) to the guidance described within the Department of the Treasury Earned Value Management Guide (Treasury EVM Guide) may be granted by the Departmental Treasury CIO based on Bureau documented and Bureau CIO approved requests. Examples of waiver justifications may include, but are not limited to:

- (1) Urgency of work to be performed;
- (2) Limited duration of work to be performed;
- (3) Cost of adding EVMS requirement to a contract versus benefit achieved;
- (4) Percentage of DME costs vis-à-vis the life cycle investment costs; and
- (5) Level of risk.

1034.202 Integrated Baseline Reviews.

(a) When an EVMS is required, and depending on the DME CLIN value threshold, the Government will conduct a Full IBR or a Core IBR.

(b) The purpose of the Full IBR and the Core IBR is to verify the technical content and the realism of the related performance budgets, resources, and schedules. It should provide a mutual understanding of the inherent risks in offerors'/contractors' performance plans and the underlying management control systems, and it should formulate a plan to handle these risks.

(c) Both the IBR and the IBR (Core) are joint assessments by the offeror or Contractor, and the Government, of the—

- (1) Ability of the project's technical plan to achieve the objectives of the scope of work;
- (2) Adequacy of the time allocated for performing the defined tasks to successfully achieve the project schedule objectives;
- (3) Ability of the Performance Measurement Baseline (PMB) to success-

fully execute the project and attain cost objectives, recognizing the relationship between budget resources, funding, schedule, and scope of work;

(4) Availability of personnel, facilities, and equipment when required, to perform the defined tasks needed to execute the program successfully; and

(5) The degree to which the management process provides effective and integrated technical/schedule/cost planning and baseline control.

(d) An IBR/IBR (Core) may be held either pre- or post-award; however, the post-award IBR/IBR (Core) must be completed within 90 days after award, or the Contracting Officer shall obtain a copy of the Program Manager's written review of the requirement and assessment of the IBR/IBR (Core) timing based on the risk associated with the acquisition. While a post-award IBR is preferred, a pre-award IBR will be acceptable.

NOTE: The IBR (Core) may be included within the Quality Assurance Surveillance Plan (QASP).

(e) The solicitation and award shall include the process and schedule for EVMS validation as meeting the ANSI/EIA 748 through EVMS Compliance Recognition documents or a Compliance Evaluation Review where a compliance document does not exist, and periodic systems surveillance.

1034.203 Solicitation provisions and contract clauses.

(a) For major investment acquisitions that included a DME effort value of greater than \$50 Million, the Contracting Officer shall follow the requirements provided at FAR Subpart 34.203.

(b) For major investment acquisitions that include a DME effort with a value between \$20-\$50 Million:

(1) The Contracting Officer shall insert the FAR provision at FAR 52.234-2, Notice of Earned Value Management System—Pre-Award IBR, with the clause at 1052.234-2, Notice of Earned Value System—Pre-Award Alternate I in solicitations and awards that require the contractor to use an EVMS and for which the Government requires an IBR *prior to award*.

(2) The Contracting Officer shall insert the FAR provision at FAR 52.234-

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3, Notice of Earned Value Management System—Post-Award IBR, with 1052.234-3, Notice of Earned Value System—Post-Award Alternate I in solicitations and awards that require the contractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR *after award*.

(3) The contracting officer shall insert the FAR clause at FAR 52.234-4, Earned Value Management System, with 1052.234-4, Earned Value Management System Alternate I, in solicitations and awards that require a contractor to use an EVMS.

(c) For major acquisitions that include a DME effort with a value of less than \$20 Million:

(1) The Contracting Officer shall insert the provision 1052.234-70, Notice of Earned Value Management System—Pre-Award IBR (Core), in solicitations for awards that require the contractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR prior to award.

(2) The Contracting Officer shall insert the provision 1052.234-71, Notice of Earned Value Management System—Post-Award IBR (Core), in solicitations for contracts that require the con-

tractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR after award.

(3) The Contracting Officer shall insert the clause 1052.234-72, Core Earned Value Management System, in solicitations and awards that require a contractor to use an EVMS.

PART 1036—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

Subpart 1036.6—Architect-Engineer Services

Sec.

1036.602-5 Short selection process for contracts not to exceed the simplified acquisition threshold.

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SOURCE: 76 FR 42057, July 18, 2011, unless otherwise noted.

Subpart 1036.6—Architect-Engineer Services

1036.602-5 Short selection process for contracts not to exceed the simplified acquisition threshold.

Bureaus are authorized to use either process.